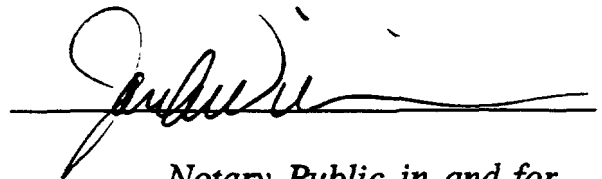


CERTIFICATE OF REPORTER

UNITED STATES OF AMERICA) ss.:

DISTRICT OF COLUMBIA)

I, JAN A. WILLIAMS, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken by me to the best of my ability and thereafter reduced to typewriting under my direction; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

A handwritten signature in dark ink, appearing to read "Jan A. Williams", is written over a horizontal line.

*Notary Public in and for
the District of Columbia*

My commission expires: 03-31-97

BEFORE THE FEDERAL COMMUNICATIONS COMMISSION

WASHINGTON, D.C. 20554

CC DOCKET NO. 94-136

- - - - - X

In re Application of :

ELLIS THOMPSON : File No.

CORPORATION : 14261-CL-P-134-A-86

- - - - - X

Washington, D.C.

Wednesday, April 26, 1995

Deposition of DAVID N. WATSON, a
witness herein, called for examination by counsel
for Federal Communications Commission in the
above-entitled matter, pursuant to agreement, the
witness being duly sworn by JAN A. WILLIAMS, a
Notary Public in and for the District of
Columbia, taken at the offices of Gurman, Kurtis,
Blask & Freedman, Suite 500, 1400 16th Street,
N.W., Washington, D.C., 20036, at 2:15 p.m.,
Wednesday, April 26, 1995, and the proceedings
being taken down by Stenotype by JAN A. WILLIAMS
and transcribed under her direction.

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1 APPEARANCES:

2
3 On behalf of the Wireless Telecommunications
4 Bureau of the Federal Communications
5 Commission:

6 JOSEPH PAUL WEBER, ESQ.

7 TERRENCE E. REIDELER, ESQ.

8 Wireless Telecommunications Bureau

9 Federal Communications Commission

10 1919 M Street, N.W., Room 644

11 Washington, D.C. 20554

12 (202) 418-1317
13

14 On behalf of Ellis Thompson Corporation:

15 STEVE D. LARSON, ESQ.

16 Stoll, Stoll, Berne, Lokting &

17 Shlachter, P.C.

18 209 Southwest Oak Street

19 Portland, Oregon 97204

20 (503) 227-1600
21
22
23
24
25

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1 APPEARANCES: (Continued)

2

3 On behalf of American Cellular Network
4 Corp.:

5 LOUIS GURMAN, ESQ.

6 Gurman, Kurtis, Blask & Freedman
7 Suite 500

8 1400 16th Street, N.W.

9 Washington, D.C. 20036

10 (202) 328-8200

11

12 On behalf of Telephone & Data Systems, Inc.:

13 HERBERT D. MILLER, JR., ESQ.

14 Koteen & Naftalin

15 1150 Connecticut Avenue

16 Washington, D.C. 20036

17 (202) 467-5700

18

19 ALSO PRESENT:

20 JEFFREY E. SMITH, ESQ.

21

22

23

24

25

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1 C O N T E N T S

2	THE WITNESS	EXAMINATION BY COUNSEL FOR
3	DAVID N. WATSON	FEDERAL COMMUNICATIONS
4		COMMISSION
5	By Mr. Weber	5

6

7 E X H I B I T S

8	WATSON EXHIBIT NO.	PAGE NO.
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P R O C E E D I N G S

Whereupon,

DAVID N. WATSON,

business address at Comcast Cellular Communications, Inc., 480 E. Swedesford Road, Wayne, Pennsylvania, 19087-1867, was called as a witness by counsel for Federal Communications Commission, and having been duly sworn by the Notary Public, was examined and testified as follows:

EXAMINATION BY COUNSEL FOR

FEDERAL COMMUNICATIONS COMMISSION

BY MR. WEBER:

Q. Good afternoon, Mr. Watson, my name is Joseph Weber and I represent the Wireless Telecommunications Bureau of FCC.

Would you please state your name for the record.

A. David N. Watson.

Q. Have you ever had your deposition taken before?

A. No.

Q. I'm sure your counsel has described to you basically the process here, I'll just add to that that I will be asking you questions. Be

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1 sure to answer as truthfully and fully as
2 possible. Also answer verbally as the court
3 reporter cannot take down a shake of the head or
4 a nod. And, if you ever do not understand a
5 question I ask, just let me know and I will
6 certainly repeat the question or try to rephrase
7 it.

8 Did you do anything to prepare for
9 today's deposition?

10 A. No.

11 Q. Did you review any documents?

12 A. I reviewed some of my files that I
13 had.

14 Q. What is your business address?

15 A. 480 East Swedesford Road in Wayne,
16 Pennsylvania.

17 Q. What is your educational background?

18 A. Undergraduate degree at the University
19 of Richmond.

20 Q. What did you study?

21 A. Political science, economics.

22 Q. What is your occupation?

23 A. I am a senior vice-president of
24 marketing and sales for Comcast Cellular, Inc.

25 Q. How long have you been in this

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1 position?

2 A. Since '92.

3 Q. What was your position prior to being
4 senior vice-president of sales and marketing?

5 A. I was vice-president of sales and
6 marketing for Metrophone.

7 Q. And how long were you in that position?

8 A. Since 1990.

9 Q. Were you with Comcast prior to that
10 position?

11 A. No.

12 Q. Were you in any telecommunications
13 related industry prior to that period?

14 A. Yes.

15 Q. Where were you prior?

16 A. I was with Bell Atlantic Mobile Systems
17 from 1984 through 1986.

18 Q. And what did you do at Bell Atlantic?

19 A. I was a sales manager in Pittsburgh.

20 Q. What is your telephone number?

21 A. Office?

22 Q. Office, please.

23 A. Area code (610) 995-3767.

24 Q. What was your telephone number prior to
25 the 610 area code?

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1 A. Oh, boy.

2 Q. If you can remember.

3 A. I think it was (215) 975-5081. I'm not
4 absolutely sure of that, though.

5 Q. What are your duties and
6 responsibilities with your current position?

7 A. Oversight of marketing, sales, business
8 development, functions.

9 Q. Can you tell us what you mean by
10 oversight of sales and marketing?

11 A. Establishing strategy tactics within
12 marketing and sales that would focus on products,
13 price, promotion, and distribution.

14 Q. Who do you report to?

15 A. Don Harris.

16 Q. Do any employees report to you?

17 A. Yes.

18 Q. How many, how many directly report to
19 you?

20 A. I have to count them up. Five.

21 Q. Do you work for all the systems which
22 Comcast either owns or manages?

23 A. Yes.

24 Q. Is the Atlantic City cellular system
25 one of the systems for which you do some work?

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1 A. Yes.

2 Q. Could you describe for us your duties
3 and responsibilities for the Atlantic City
4 system?

5 A. Again some oversight as I mentioned
6 before in terms of the product, promotion,
7 pricing, and making recommendations to Ellis
8 Thompson and David Lokting on those areas.

9 Q. What were your duties and
10 responsibilities in your previous position as
11 vice-president as opposed to senior
12 vice-president?

13 A. Differences at Metrophone, it was just
14 Philadelphia, fairly similar responsibilities.
15 At the time at Metrophone there was no business
16 development either.

17 Q. So, prior to your starting in 1992 as
18 the senior vice-president of sales and marketing,
19 you had no work with the Atlantic City market?

20 A. No.

21 Q. Do you know Ellis Thompson?

22 A. Yes.

23 Q. Who is he?

24 A. Owner of the Atlantic City system.

25 Q. How do you know this?

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1 A. I met him, been briefed on it
2 repeatedly.

3 Q. When were you first briefed on this?

4 A. Probably within the first week of
5 Comcast taking on the Philadelphia property,
6 somewhere in the March 1992 time period.

7 Q. Can you recall who briefed you?

8 A. I believe it was Art Block.

9 Q. And who is he?

10 A. He's counsel at Comcast Corporation.

11 Q. Can you recall what he told you?

12 A. Just the essentials, that Ellis
13 Thompson was the owner and we are to make
14 recommendations and seek his approval on basic
15 areas of running the business which include the
16 budgets and all aspects of the business that
17 relate to the budget.

18 Q. At this same time, did you become
19 responsible for other markets in addition to the
20 Atlantic City system?

21 A. Yes.

22 Q. Were you briefed on the other systems
23 as well?

24 A. Yes. Not by Art, though.

25 Q. Were you told of any manner in which to

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1 proceed differently in other systems than the
2 Atlantic City system?

3 A. There are different partners, there are
4 different business conditions in every market.
5 So every market was different, but clearly
6 Atlantic City was different in terms of we were
7 only managing the property, we did not own it.

8 Q. Do you currently do work with the
9 Wilmington system?

10 A. Yes.

11 Q. Do you also currently do work with the
12 Dover system?

13 A. Yes.

14 Q. Do you proceed differently as to those
15 two systems?

16 A. Yes.

17 Q. How so?

18 A. The reporting relationship right now in
19 Philadelphia, one of my direct reports heads up
20 marketing and sales for Metrophone in
21 Philadelphia, he's a direct report. I serve more
22 of a staff function for marketing and sales in
23 the other areas.

24 John Moerman is the general manager,
25 for example, and his direct reports are the --

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1 there's a sales manager and a marketing manager
2 that report directly to John. So I serve more as
3 a staff function to those properties.

4 Q. So how would you define your position
5 as to the Atlantic City market?

6 A. Similar but seeking the areas where we
7 need approval -- that would seek guidance from
8 and approval from Jeff and/or David on.

9 Q. And by Jeff you mean Mr. Thompson?

10 A. Yes.

11 Q. What areas do you feel you need to seek
12 approval?

13 A. Distribution agreements.

14 Q. And a distribution agreement is what?

15 A. A contract with a third party to
16 perform distribution in the Atlantic City
17 marketplace.

18 MR. GURMAN: An agency agreement?

19 THE WITNESS: Agency agreement, excuse
20 me. Pricing changes and licensing agreements.

21 BY MR. WEBER:

22 Q. By pricing changes do you mean prices
23 or rates for the telephone calls?

24 A. Rates.

25 Q. And what do you mean by licensing

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1 agreements?

2 A. An example is the Cellular One
3 licensing agreement, the franchise.

4 Q. And these are all areas that are within
5 your jurisdiction so to speak with your
6 employment?

7 A. Yes.

8 Q. Do you report directly to Mr. Thompson
9 on any matters?

10 A. I do advise directly to him and make
11 specific recommendations.

12 Q. And how do you do this?

13 A. In a variety of ways, in some cases
14 written correspondence, in some cases that we
15 meet on a regular basis, whether it's budget
16 related or just another business meeting, talking
17 about the activity in the Atlantic City market,
18 I'll make proposals at that time.

19 Q. You say you meet on a regular basis,
20 how regular?

21 A. Approximately quarterly.

22 Q. Do you attend all the quarterly
23 meetings?

24 A. Most of them since 1992, I believe
25 there's only been a couple that I've missed.

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1 Q. What is your role at these meetings?

2 A. We provide status on progress, the
3 major -- on major areas of the business, sales
4 performance on acquisition expense, cash flow,
5 and give indications of how things are looking in
6 the market going forward. And, when it comes
7 time to prepare a business plan, then, of course,
8 we need their approval.

9 Q. And their, you mean Mr. Lokting and
10 Mr. Thompson?

11 A. Yes.

12 Q. Has Mr. Thompson ever given you
13 instructions?

14 A. Yes.

15 Q. Can you give us examples?

16 A. A couple. One is that the United
17 States Cellular Corporation was beginning to
18 activate customers on a specific rate plan
19 designed for corporate customers. And
20 Mr. Thompson asked for a recommendation on that
21 relationship. And subsequently United States
22 Cellular had wanted to sell their customer base
23 and he specifically asked for a recommendation on
24 what we should do and how to respond.

25 Q. Has he ever instructed you to actually

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1 take any particular action?

2 A. He asked me to negotiate once he agreed
3 upon -- once he gave me the range of which they
4 wanted to buy these customers for, he
5 specifically asked me to negotiate with the
6 appropriate representative of United States
7 Cellular and report back to him on progress,
8 which I did.

9 Q. You've also mentioned the name David
10 Lokting. Who is he?

11 A. I believe he's the counsel for
12 Mr. Thompson.

13 Q. How do you know this?

14 A. I again met him and was briefed.

15 Q. Do you recall who briefed you about
16 Mr. Lokting?

17 A. I believe it was Art Block.

18 Q. Can you recall what Mr. Block told you?

19 A. He was counsel for Mr. Thompson.

20 Q. Has Mr. Lokting ever given you
21 instructions?

22 A. During the same process, when United
23 States Cellular -- I believe through that, when I
24 could not reach Mr. Thompson, then I spoke with
25 Jeff -- spoke with Mr. Lokting. Mr. Lokting I

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1 believe conferred with Mr. Thompson, but I didn't
2 speak directly throughout the process with
3 Mr. Thompson. So Mr. Lokting relayed back to me
4 their thoughts.

5 Q. How often are you in contact with
6 Mr. Lokting?

7 A. Certainly during the quarterly sessions
8 when we meet and then occasionally, if there's a
9 business proposal that we would put forth, by
10 written correspondence or by telephone
11 occasionally.

12 Q. Any guesstimate as to how often you're
13 on the telephone with Mr. Lokting?

14 A. Probably once every other month.

15 Q. Do you typically contact him or does he
16 contact you?

17 A. It's both.

18 Q. Now, in this matter with USCC, you
19 stated that you contacted Mr. Thompson or he
20 contacted you. In your contacts with
21 Mr. Thompson, do you typically deal with him
22 directly or do you go through Mr. Lokting?

23 A. In this context I believe it was one of
24 our quarterly sessions when the issue came up, so
25 they were both there.

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1 Q. On other matters do you typically
2 contact Mr. Thompson directly or go through
3 Mr. Lokting?

4 A. Primarily Mr. Lokting.

5 Q. Are you ever in charge of putting
6 together proposals to present to Mr. Lokting at a
7 quarterly meeting?

8 A. Yes.

9 Q. What type of proposals would you
10 present or do you present to Mr. Lokting at
11 quarterly meetings?

12 A. They vary, some are in the area of
13 product or business development. An example of
14 that would be new products offerings that we're
15 bringing -- that we're working on that we believe
16 would add value in the Atlantic City marketplace
17 as well which we want to inform them of, of the
18 opportunity. And then we would seek their
19 approval if they want to move forward.

20 Q. Is there any review process within
21 Comcast that you must go through prior to
22 presenting a proposal to Mr. Lokting?

23 A. For any product or service that we
24 would -- in order to present it to either
25 Mr. Thompson or in some cases the Comcast

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1 ownership, then we would go through the normal
2 review process, we would seek to do our homework
3 as to the business case, prepare the business
4 case, make sure it made sense and it would as I
5 mentioned before add value either by increasing
6 revenue or helping to keep customers on for a
7 longer period of time, reducing expense, yes, we
8 would review it.

9 Q. I'm sorry, you may not have understood
10 the question. Do you have to receive approval
11 from anybody at Comcast before you make a
12 presentation to Mr. Thompson?

13 A. No.

14 Q. When you have a proposal you want to
15 present at a quarterly meeting, do you take any
16 action prior to the meeting to inform
17 Mr. Thompson of the proposal that would be
18 presented at the meeting?

19 A. Yes, in some cases we send them in
20 advance a business plan for them to review and
21 then discuss when we get together.

22 Q. Do you typically send advance business
23 plans?

24 A. In some cases, it depends on the
25 timing, it depends on when we can get together.

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1 Q. Are decisions on the matters typically
2 sought from Mr. Thompson at the meetings or are
3 they sought at a later date?

4 A. It varies.

5 Q. And what could be some of the variables
6 in there?

7 A. The stage of the product, the service,
8 in some cases it requires some decisions on
9 capital and/or whether or not the product or
10 service is ready for review. It may be premature
11 even to bring it forward. So it would just vary
12 on the stage of the product or service and where
13 it's at.

14 Q. What have you been told about the
15 relationship between Comcast and Ellis Thompson
16 Corporation?

17 A. We're managing the property for
18 Mr. Thompson.

19 Q. And what does that mean to you?

20 A. We provide all the management functions
21 to run the day-to-day operations with his
22 approval.

23 Q. Have you ever read the management
24 agreement for the Atlantic City market?

25 A. Yes.

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1 Q. Who gave you the agreement to read?

2 A. I believe it was Art again.

3 Q. Have you had any discussions with
4 anybody about the management agreement?

5 A. No.

6 Q. To your knowledge has the management
7 agreement been amended since it was initially
8 executed?

9 A. No.

10 Q. Have you told anything to your staff
11 about the management agreement?

12 A. Not specifically the management
13 agreement, but I think the fact that we need
14 approval on the significant areas of the business
15 prior to and including Atlantic City, if we're
16 going to include Atlantic City in any of our
17 proposals.

18 Q. You said you need prior approval on
19 significant areas. Can you define significant
20 areas?

21 A. New product, services, pricing changes,
22 and change in compensation for distribution, we
23 would need their approval.

24 Q. And to your knowledge has your staff
25 acted accordingly?

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1 A. Yes.

2 Q. Have you put together proposals which
3 did not include the Atlantic City market?

4 A. Yes.

5 Q. What is the review process at Comcast
6 for a proposal that does not include Atlantic
7 City?

8 A. It varies on the marketplace; to be
9 very specific, competitive conditions in a
10 market. So it really varies based on whether
11 it's Philadelphia, Mercer, or Monmouth and
12 Middlesex Counties.

13 Q. Again maybe I wasn't making myself
14 clear. Who at Comcast must approve of a proposal
15 if it does not include the Atlantic City market?
16 Was that the same answer?

17 A. Yeah.

18 Q. Is there any chain of command which
19 must review a proposal if it does include
20 Atlantic City even before Mr. Thompson sees the
21 proposal?

22 A. There's really no difference.

23 Q. Have you had any discussions with
24 Ms. Hillman about the Atlantic City market?

25 A. Yes.

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1 Q. Can you recall any specifics?

2 A. As a peer I also conferred with her as
3 to the approval process early on. She was
4 already at Comcast and she's a regular
5 participant in the quarterly meetings.

6 Q. What did you discuss with Ms. Hillman
7 about the approval process?

8 A. The process, which issues require
9 telephone calls, which things require written
10 documents, preparation for our meetings. And
11 Ms. Hillman and I would generally prepare the
12 areas of sales reporting and then financial
13 performance, how we're doing.

14 Q. Is there a sales office in Atlantic
15 City?

16 A. Yes.

17 Q. How many people work there?

18 A. Currently?

19 Q. Currently.

20 A. I believe there are approximately
21 between 12 to 16 people, I'm not exactly sure of
22 the count. They are primarily salespeople.

23 Q. Is there one person who is in charge of
24 the Atlantic City office?

25 A. There's a sales manager responsible for

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1 all sales operations, his name is Bob Murphy.

2 Q. Does Mr. Murphy report to you?

3 A. No.

4 Q. Who does Mr. Murphy report to?

5 A. He reports to the director of sales for
6 the Wilmington management team.

7 Q. And that is who?

8 A. Jane Quinn Schwartz.

9 Q. I'm sorry, Jane who?

10 A. Jane Quinn Schwartz.

11 Q. Does Ms. Schwartz report to you?

12 A. No.

13 Q. Do you have any authority over the
14 Atlantic City sales office?

15 A. Purely in an indirect staff capacity,
16 making recommendations on products and services.

17 Q. Are there ever promotions that are run
18 out of that Atlantic City office?

19 A. Describe promotions.

20 Q. Any special deals given to induce new
21 subscribers.

22 A. There are regular offers, sales offers
23 that are made depending on the time of the year,
24 yes.

25 Q. Where do they get the authority to run

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